

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: PINR EIND BBAK, SP
SUBJECT: APPOINTMENT OF NEW PRESIDENT OF NATIONAL INSTITUTE OF INDUSTRY (INI)

1. SUMMARY. ON MAY 2, JOSE MIGUEL DE LA RICA BASAGOITI, A BASQUE INDUSTRIAL MANAGER, WITH MORE THAN 22 YEARS' ASSOCIATION WITH U.S. FIRMS, WAS APPOINTED PRESIDENT OF THE SPANISH GOVERNMENT'S NATIONAL INSTITUTE OF INDUSTRY (INI). THIS APPEARS TO BE A "CARE-TAKER: APPOINTMENT, PENDING AN EXPECTED FUNDAMENTAL REORGANIZATION OF INI. INI, WITH ASSETS OF SOME \$15 BILLION, IS THE TENTH LARGEST INDUSTRIAL GROUP IN EUROPE. ITS MAJOR ACTIVITIES ARE IN THE ENERGY FIELD, BUT ITS VARIOUS FIRMS ARE ALSO ENGAGED IN MANUFACTURING ACTIVITIES, IRON AND STEEL PRODUCTION, TRANSPORT, CHEMICALS AND OTHER AREAS. END SUMMARY.

2. JOSE MIGUEL DE LA RICA, 48, HAS BEEN APPOINTED PRESIDENT OF INI AT A CRUCIAL JUNCTURE IN THE ORGANIZATION'S HISTORY. AS A GOVERNMENT HOLDING COMPANY, AND BY FAR THE COUNTRY'S LARGEST INDUSTRIAL ENTITY, INI PLAYS A CRITICAL

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ROLE IN SPAIN'S ECONOMY. IN ITS FOUR DECADES OF EXISTENCE THE ORGANIZATION HAS ACTED AS STIMULATOR AND ALLOCATOR OF INVESTMENT. IT HAS ALSO BEEN THE INSTRUMENT FOR BAILING OUT FINANCIALLY TROUBLED PRIVATE FIRMS, OFTEN BY ACQUIRING MINORITY OR MAJORITY OWNERSHIP. ITS PHILOSOPHY TRADITIONALLY HAS BEEN TO EASE OUT OF ENTERPRISES ONCE THEY ARE ABLE TO STAND ON THEIR OWN, BUT THERE ARE MANY

EXCEPTIONS TO THIS RULE, ESPECIALLY IN THE ENERGY FIELD.

3. RETIRING INI PRESIDENT FRANCISCO GIMENEZ TORRES, 59, SERVED IN THIS POST ONLY 15 MONTHS. GIMENEZ TORRES, A LAWYER, HAS SPENT MOST OF HIS CAREER IN GOVERNMENT OR GOVERNMENT-RELATED POSTS. DURING HIS TERM AS PRESIDENT OF INI THE ORGANIZATION'S PERFORMANCE REFLECTED THAT OF THE SPANISH ECONOMY IN GENERAL: IT WAS FLAT. ALTHOUGH GIMENEZ TORRES' RESIGNATION TOOK PLACE WELL AFTER THE CABINET CHANGES OF FEBRUARY 1978, IT IS CONSIDERED A CONSEQUENCE OF THAT RESHUFFLE.

4. AS THE NEW INI PRESIDENT DE LA RICA HAS BEEN GIVEN THE TASK OF "PROFESSIONALIZING AND DECENTRALIZING" THE ORGANIZATION. HIS PRIVATE SECTOR ORIENTATION SETS HIM APART FROM THE VAST MAJORITY OF HIS CONTEMPORARIES IN THE SPANISH BUSINESS/GOVERNMENT COMPLEX. EDUCATED AT THE UNIVERSITY OF VALLADOLID (LAW DEGREE) AND LATER AT THE COMMERCIAL UNIVERSITY OF DEUSTO (BUSINESS ADMINISTRATION) DE LA RICA SPENT 14 YEARS IN THE SPANISH MANUFACTURING SUBSIDIARY OF GENERAL ELECTRIC (IN BILBAO), WHERE HE WORKED HIS WAY UP TO THE POSITION OF DIRECTOR OF THE INDUSTRIAL PRODUCTS DIVISION OF THE FIRM. IN 1969 HE JUMPED TO G.E.'S COMPETITOR, WESTINGHOUSE, KNOWN IN SPAIN AS FABRELEC, A LARGE ENTERPRISE WHICH IS ALSO LOCATED IN THE BILBAO AREA. HE ACTED AS MANAGING DIRECTOR LIMITED OFFICIAL USE

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OF FABRELEC UNTIL HIS APPOINTMENT TO THE INI PRESIDENCY.

5. IN 1977 DE LA RICA WAS NAMED PRESIDENT OF A NEW HOLDING COMPANY "TALDE", COMPRISED OF A NUMBER OF FINANCIA GROUPS IN THE BASQUE REGION. SECRETARY OF THE BOARD OF DIRECTORS OF TALDE IS PEDRO ROGRIGUEZ SAHAGUN, BROTHER OF AGUSTIN RODRIGUEZ SAHAGUN WHO WAS APPOINTED MINISTER OF INDUSTRY AND ENERGY LAST FEBRUARY AND IS CONSIDERED A KEY FIGURE IN DETERMINING SPAIN'S POST-FUENTES QUINTANA ECONOMIC POLICY.

6. AS INI PRESIDENT, DE LA RICA WILL REPORT DIRECTLY TO MINISTER RODRIGUEZ SAHAGUN. THERE IS LITTLE DOUBT THAT THE TWO SEE EYE-TO-EYE ON MOST CONTEMPORARY POLICY ISSUES, ESPECIALLY ON THE NEED TO STIMULATE INDUSTRIAL RECOVERY.

7. AN OFFICIAL OF INI, COMMENTING ON THE APPOINTMENT, HAS CHARACTERIZED DE LA RICA AS "RODRIGUEZ SAHAGUN'S MAN." A FUNDAMENTAL REORGANIZATION OF INI IS PRESENTLY UNDERWAY WITHIN THE GOVERNMENT BY WAY OF A DRAFT STATUTE ON PUBLIC ENTERPRISE. ONE OF THE ITEMS UNDER REVIEW IS THE QUESTION OF A FIXED TERM OF OFFICE FOR THE PRESIDENT

OF INI (PERHAPS 3-5 YEARS) IN ORDER TO PROTECT THE OFFICE
FROM SHORT-RANGE POLITICAL CONSIDERATIONS. DE LA RICA
THUS APPEARS TO BE A CARETAKER APPOINTEE WHO WILL BE
REPLACED BY A PRESIDENT WITH A FIXED TERM, PROBABLY
IN OCTOBER OF NOVEMBER OF THIS YEAR, ACCORDING TO THE
INI OFFICIAL. EATON

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